



A Democratic Plan for Retirement Security

AmeriSave is the Democratic plan to help middle-class families build retirement security, to expand opportunities to save, and to ensure pension fairness.

Today's middle-class families are struggling to pay for exploding health care costs, rising college tuitions, and higher gas prices at the pump. Many Americans are also facing the dismal prospect of finding their pensions increasingly at risk as companies such as United Airlines enter bankruptcy. These realities make saving for retirement an even greater challenge.

Democrats are fighting to strengthen and safeguard Social Security's guaranteed benefit, but we must do more so that every American has the opportunity to build a secure retirement. Unfortunately, the Republican majority in Congress has done little to help American families save for their retirement years and has failed to protect pension benefits that workers were promised.

Republican failures on retirement security are further exacerbated by reckless Republican budget policies that have resulted in a staggering \$7.7 trillion of debt, much of which is borrowed from foreign governments. Republican fiscal irresponsibility threatens our economic future and will burden the young workers of today as they are forced to pay the bill for misplaced Republican priorities. Democrats have long supported the "pay-as-you-go" principle, which requires that tax cuts and new spending be paid for with savings elsewhere in the budget.

Democrats are committed to providing middle-class families with the tools they need to achieve retirement security. The AmeriSave Plan will expand and improve existing retirement accounts, such as 401(k)s and IRAs, so that American families can benefit from the power of compound interest while retaining Social Security's guaranteed benefit. Under the Democratic plan, nearly 100 million Americans will be eligible for the "AmeriSave Match," which will match dollar-for-dollar the first \$1,000 contributed to an IRA, 401(k), or similar retirement plan.

Democrats will strengthen retirement security without adding to the deficit. The AmeriSave Plan will increase national savings and grow our economy while helping middle-class families prepare for a brighter future.

AmeriSave: A Democratic Plan for Retirement Security

The AmeriSave Plan will promote retirement savings and pension fairness without burdening future generations with additional debt. Specifically, the AmeriSave plan will --

Build Retirement Security: Democrats will provide nearly 100 million Americans with the opportunity to create a retirement nest egg and will empower AmeriSavers with information on investing in the stock market.

- **AmeriSave Match:** Help middle and working-class families achieve retirement security by matching dollar-for-dollar the first \$1,000 contributed to an IRA, 401(k), or similar plan. The AmeriSave Match will not involve creating a new type of account; instead, it builds on a successful model of 401(k)s and IRAs by increasing incentives to participate. Individuals would receive their AmeriSave Match after they filed a tax return, at which time the funds would be directed to their 401(k) or other plan.
- **AmeriSave Financial Counseling:** Empower AmeriSavers with information on retirement saving options by providing a tax credit to employers who encourage access to independent, certified financial counselors for employees who are eligible for the new AmeriSave Match.

Expand Opportunities to Save: Democrats will establish tax credits to give small businesses the resources they need to set up retirement accounts for their employees and will simplify and strengthen existing opportunities to help Americans save more for their retirement.

- **Spur Savings for Small Business Employees:** Help small businesses offer 401(k), IRA, and other similar plans to their employees by providing them with a tax credit to help cover the administrative costs of offering employees the opportunity to save.
- **Automatic 401(k) Participation:** Dramatically increase the number of people investing in 401(k) accounts by encouraging employers to automatically enroll eligible employees into these types of retirement plans unless the employee chooses not to participate. Also, lower-income working families would no longer be disadvantaged by saving for retirement.
- **Faster 401(k) Vesting:** Increase 401(k) benefits by triggering the employer-match for 401(k) accounts sooner.
- **Tax-Refund IRA:** Make it easier for all Americans to save by allowing them to directly deposit part of their tax refund into an IRA or other retirement savings plan.
- **Increased Options for Retirement Income:** Encourage employers to offer their employees the option to convert their retirement plan into an annuity when they retire. Employers would receive a tax credit to help offset their administrative costs. The annuity would guarantee that retirees receive a specified amount of monthly income for the rest of their lives.

Ensure Pension Fairness: Democrats will reform bankruptcy and pension laws to prevent companies from unfairly dumping pension plans and will make certain that employees receive the benefits they have been promised after a lifetime of hard work.

- **Stop Unfair Dumping of Pensions:** Remove incentives for corporations to use the bankruptcy process to dump their pension plans when there are sufficient assets to sustain these plans. Require companies to consider workable alternatives to the termination of pension plans and give employees and retirees a stronger voice in the process. These safeguards will also protect viable companies from the risk of liquidation and the loss of jobs.
- **Greater Transparency:** Give employees and investors accurate and timely financial information on significantly under-funded pension plans by requiring companies to release this information.
- **Fairness:** Treat corporate CEOs and employees fairly under pension and tax laws; if employee benefits are cut, executives should face similar restrictions.
- **Equity for Older Workers:** Protect longtime employees when a company moves from a traditional pension to a cash balance plan by allowing employees to choose the plan that works best for their retirement needs.